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SUBJECT: COCA-COLA TO INVEST ADDITIONAL USD 100 MILLION IN
MOZAMBIQUE

¶1. (U) SUMMARY: The Charge recently met with Coca-Cola's country director, who discussed plans for significant additional investment in Mozambique. The director also described the company's humanitarian programs, including a planned multi-million dollar partnership with USAID to supply clean water, and prevent the spread of HIV/AIDS and malaria. Coca-Cola entered the Mozambican market in 1993, currently employs over 700 local staff, and has developed a strong reputation for corporate excellence in the country. Post hopes to capitalize on Coca-Cola's experience by inviting the company to our July 15 and 16 Trade and Investment Conference in Maputo, to be opened by President Guebuza, where prospective U.S. investors can learn from the business community and have access to senior decision-makers. END SUMMARY.

¶2. (SBU) The Charge met recently with the Country Director of Coca-Cola's operations in Mozambique, Saider Sibanda, to take a tour of Coca Cola facilities in Maputo. In Mozambique, the Coca-Cola operation is 70 percent owned by the South African firm SABCO and 30 percent owned by the U.S. Coca-Cola Corporation. Sibanda informed the Charge that Coca-Cola plans to invest an additional USD 100 million in Mozambique to increase production in the region. Sibanda outlined Coca-Cola's extensive humanitarian projects in the country and its plans to partner with USAID in a Global Development Alliance (GDA) to provide millions with clean water and prevent the spread of HIV/AIDS and malaria. In tough economic times, Coca-Cola's commitment to excellence has not waned, instead it is investing more with little doubt that Coca-Cola will achieve strong financial gains in the future.

HISTORY

¶3. (U) Early in 1993, Coca-Cola secured the rights for a plant in Maputo. After Mozambique's sixteen-year long civil war that destroyed much of the country's infrastructure, Coca-Cola was one of the first foreign companies to invest. With an initial investment of USD 11 million, the company established a factory producing and selling 1.13 million cases of Coca-Cola and employing a workforce of 80. Today, the Mozambican operation boasts three plants in Machava, Chimoio, and Nampula, greatly expanded production, and employs a current workforce of 700.

COCA-COLA'S COMMITMENT TO COMMUNITY

¶4. (U) In Mozambique, Coca-Cola maintains numerous humanitarian projects. Most noteworthy is a Global Development Alliance between Coca-Cola and USAID. Coca-Cola and USAID formed the Water and Development Alliance (WADA) to provide access to clean water and to protect the Mozambican environment. In Chimoio, the WADA project combines the

resources of local and international public and private entities to address the city's urgent water needs. The combined funding commitment from all partners exceeds USD 1.79 million including USD 500,000 from USAID. To date, impacts of expanding the water supply include a consistent supply of clean, running water for 25,000 people, 12 schools, one provincial hospital, one secondary health facility, and local industrial and commercial users, including the local Coca-Cola plant. Due to the success of the alliance, USAID and Coca-Cola extended their partnership and will enter a three-year, multi-million dollar alliance to bring clean water to the northern provinces of Zambezia and Nampula that will benefit hundreds of thousands of Mozambicans. Coca-Cola's commitment to the Mozambican people extends to providing valuable information on preventing the spread of HIV/AIDS to its employees, funding a project with the World Health Organization along the Zambezi River that supplied 34,000 people with mosquito nets, treated over 20,000 people for malaria, and provided assistance for small business development.

COMMENT

15. As in many countries, Coca-Cola is an excellent corporate citizen, partnering with USG assistance projects and assisting other U.S. companies enter and expand their operations in the Mozambican market. Although the current economic climate is difficult, the Coca-Cola story in Mozambique demonstrates that rich opportunities for U.S. investment and trade are possible, with great potential in

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the areas of agriculture, energy, mineral extraction, and tourism. To assist prospective U.S. investors access Mozambican markets, the U.S. Embassy in Maputo will hold the U.S. Trade and Investment Conference in Maputo, Mozambique on July 15-16, where companies like Coca-Cola can share best practices. The President of Mozambique will address the conference and a number of Mozambican ministers will provide detailed sector-specific briefings for U.S. investors.
Chapman